State of Oklahoma
Incentive Evaluation Commission
Draft Film Enhancement Rebate Evaluation

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Incentive Overview

The State of Oklahoma offers companies a rebate of between 35 and 37 percent of documented expenditures made in-state that are directly attributable to the production of a film, television production or television commercial with a budget of at least $50,000 (with 50 percent expended in-state).[1]

Recommendation: Based on some increase in economic activity that is presumably tied to the increase in the program cap and the disruption associated with COVID-19, the project team recommends retaining the incentive at present, but the State should continue to monitor the impact of the annual cap increase.

Key Findings

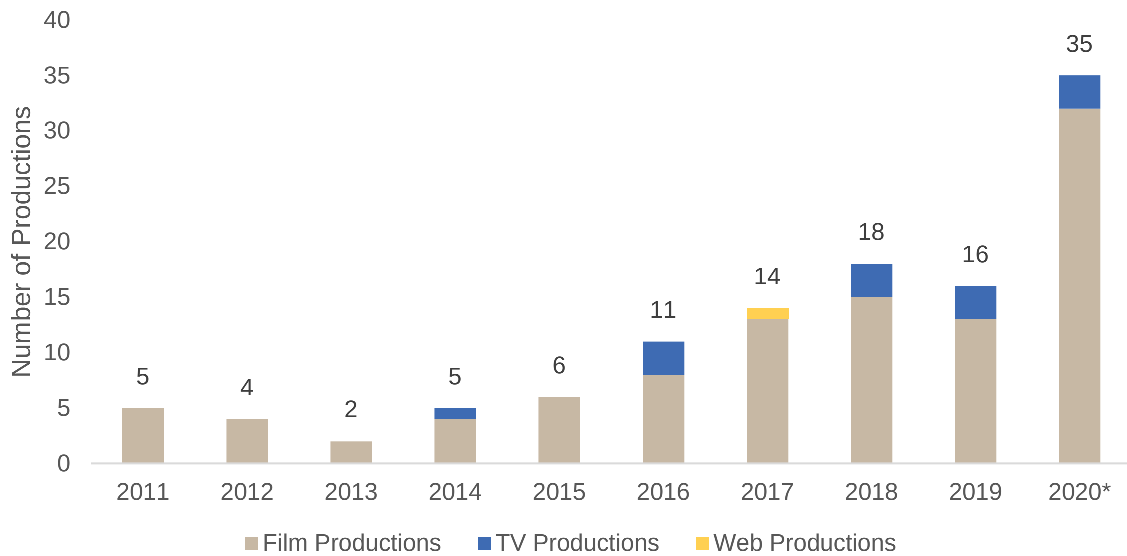
- **The number of Oklahoma-based production companies is increasing significantly (though the extent that the incentive influenced behavior is not known).** As of 2005, Oklahoma was home to 61 production companies.[2] By 2019, the total had grown to 99 – a CAGR of 3.5 percent. This level of annual growth exceeded that of all private industry establishments within the state, which averaged 1.2 percent annual growth over the same time period. Relative to other states, Oklahoma's growth ranks 10th.

- **The number of Oklahoma production company employees is also increasing meaningfully (though the extent that the incentive influenced behavior is not known).** According to U.S. Department of Labor, Bureau of Labor Statistics (BLS) data, in 2005, 161 people in Oklahoma were employed in the Motion Picture and Video Production industry – a figure that increased to 306 by 2019 (a CAGR of 4.7 percent).[3] This level of annual growth is significantly higher than employment growth in all industries across the state, which averaged 0.8 percent annually over the same time period. Relative to other states, Oklahoma's industry employment growth ranks 10th.

- **The number of productions based in Oklahoma participating in the incentive program has increased significantly in recent years.** Total productions eligible for the rebate have grown by a compound annual growth rate (CAGR) of 24.1 percent between FY2013 and FY2020.

[1] As discussed later in this report, the initial rebate amount was 17 percent; the rebate amount was increased to 35 percent for documented expenditures made after July 1, 2009. An additional 2 percent rebate may be applied if a production company spends at least $20,000 for the use of music created by an Oklahoma resident that is recorded in Oklahoma or for the cost of recording music in Oklahoma for use in the production.
[2] Based on BLS Quarterly Census of Employment and Wages data for North American Industry Classification System (NAICS) code 51211 – Motion Picture and Video Production
[3] Based on BLS data for North American Industry Classification System (NAICS) code 51211 – Motion Picture and Video Production

Figure 1: Total Oklahoma Productions Participating in Incentive Program, FY2011-FY2020



Source: OF+MO

** FY2020 total includes productions that are in the queue but have not yet begun principal photography.*

- **While total qualified payroll associated with incentive productions increased meaningfully between FY2013 and FY2019, the average below the line (BTL) employee wage growth declined.** While total eligible BTL and above the line (ATL) payroll associated with qualified productions increased meaningfully between FY2013 and FY2019 (by a CAGR of 38.0 percent), the average wage paid to below the line workers declined by a CAGR of -8.5 percent over the same time period.

Table 1: Total and Average Payroll Paid to Oklahoma Residents by Eligible Productions

Fiscal Year	BTL Total*	ATL Total**	Total, BTL + ATL	Average, BTL	Average, ATL
2013	$703,866	$0	$703,866	$3,384	$0
2014	$1,082,826	$19,575	$1,102,401	$4,213	$19,575
2015	$1,053,556	$91,345	$1,144,901	$1,733	$1,497
2016	$2,860,805	$1,498,809	$4,359,614	$1,767	$17,032
2017	$10,356,541	$6,474,683	$16,831,224	$3,452	$52,215
2018	$4,833,537	$2,253,918	$7,087,455	$2,404	$18,627
2019	$3,190,604	$1,661,718	$4,852,322	$1,987	$12,782
CAGR	**28.6%**	**N/A**	**38.0%**	**-8.5%**	**N/A**

Source: OF+MO

Note: Totals include actual payroll as well as projected payroll for productions that have been approved but have not yet completed production. In these instances, payroll numbers are based on projections included – and subsequently preliminarily approve – as part of the application process.

** "Below the line" refers to crew members; namely persons who work on the production who are not "above the line"*

*** "Above the line" refers to individuals hired or credited on screen for the production as producers, principal cast, screenwriters and directors.*

- **Anticipated FY2020 productions indicate a significant increase in production activity – though the extent to which expected activity materialized is unknown.** According to preliminary FY2020 production data supplied by OF+MO, BTL payroll was anticipated to reach nearly $36 million, and qualified ATL payroll was expected to reach nearly $16 million.

At the time FY2020 qualified production activity data was provided to the project team, however, most approved expenses were preliminary, as principal photography had not yet begun. Additionally, data was supplied prior to the start of the COVID-19 pandemic, which has since delayed and/or otherwise modified the filming schedules of several productions. As an example, included in the projected FY2020 total is payroll associated with the film "Killers of the Flower Moon," a major motion picture where production has since been postponed until 2021. This production accounts for $14.2 million of the $35.8 million BTL total anticipated in FY2020.

- **In addition to payroll expenditures, other film-related expenditures in Oklahoma by films eligible for the rebate have varied widely from year to year.** These totals range from just over $1.0 million in 2014 to $16.6 million in 2017. The average expenditures per production have varied as well, ranging from $0.2 million in 2014 and 2015 to $3.5 million in 2013.

- **For the period 2013-2016 the return on investment measured by total economic activity generated was $2.41 for each $1.00 in rebates.** For the period 2017-2020 the return on investment was $17.04 for each $1.00 in rebates.

- **For each $1.00 in rebates provided by the State, the Oklahoma tax revenue generated from filming and production spending within the state is well under $1.00.** For the period 2013-2016 the state tax revenue generated was $.05 for each $1.00 of rebates provided. For the period 2017-2020 the state tax revenue return was $.52 per $1.00 of rebates. It should be noted that economic activity (total spending and multiplier effects) is a different measure than taxes generated by that spending.

Other Findings

- **The program is effectively administered.** The OF+MO has established processes that are smooth, fair and verifiable. A clear and comprehensive set of guidelines is available to applicants. Eligible costs are defined narrowly to maximize in-state benefits.

- **Beginning in 2020, OF+MO improved the data collection aspect of the application process.** Applicants are now required to supply additional information on their initial and final applications which should enable OF+MO to provide additional reporting on program impact.

- **Adequate financial protections are in place.** The program has a cap of $8 million per fiscal year, and claims exceeding the cap can be paid in following years.

- **Compared to other states, the value of Oklahoma's incentive is among the highest in the nation.** Just two other states – Montana and Washington – offer incentives up to 35 percent.[4]

- **Respondents to a survey of production companies indicated that Oklahoma has several locational strengths.** These include a diverse topography with options for "anywhere in America;" a strong film commission and a crew base that is pleasant to work with. Respondents indicated that the incentive influenced the decision to film in Oklahoma.

- **Survey respondents indicated Oklahoma also has locational weaknesses.** These include an insufficient experienced crew base to properly utilize the state incentive and an insufficient number of production vendors, an annual cap that prevents larger budget films from considering Oklahoma, and

[4] In Washington, the range is 15-30 percent, depending on the type of production and minimum spend.

a need for more film and television infrastructure. Multiple respondents indicated that California and Georgia are among the most competitive locations for film production.

Recommendations: Retain and revisit in the future.

While the program has a potentially low return on investment and is limited to a small group of beneficiaries, the project team's analysis notes that there has been an increase in activity since the program cap was raised and the sunset extended. Given that OF+MO has improved program administration and some of the expected economic activity for FY2020 has, because of COVID-19 been put on hold, the project team recommends that this incentive "stay the course," and revisit the program after the impacts of increasing the annual cap to $8 million can be more fully analyzed and understood.

Introduction

Incentive Evaluation Commission Overview

In 2015, HB 2182 established the Oklahoma Incentive Evaluation Commission (the Commission). It requires the Commission to conduct evaluations of all qualified state incentives over a four-year timeframe. Between 2016 and 2019, the Commission conducted more than 40 evaluations.

The Film Enhancement Rebate, first evaluated in 2016, is one of nine programs scheduled for an updated review by the Commission in 2020. Based on this evaluation and their collective judgment, the Commission will make recommendations to the Governor and the Legislature related to this incentive.

2016 Evaluation Findings and Recommendations

Key findings from the 2016 evaluation of this program are displayed in the following table:

Table 2: Summary of Findings, 2016 Evaluation

Topic Area	Findings
Fiscal and Economic Impact	Fiscal Impact: Total rebates ranged from \$0.9 million to \$6.5 million between FY2011 and FY2015. The incentive generated between \$0.1 million and \$0.7 million in tax revenue during those years. Economic Impact: Economic output ranged from \$4.8 million to \$32.4 million between FY2011 and FY2015; labor income ranged from \$1.9 million to \$13.3 million over the same time period.
Adequate Protections for Future Fiscal Impact?	Yes. The program has a cap of \$5 million per fiscal year; claims exceeding the cap can be paid in following years.
Effective Administration?	Yes. The Oklahoma Film and Music Office (OF+MO) has established processes that are smooth, fair and verifiable. A clear and comprehensive set of guidelines is available to applicants.
Achieving Its Goals?	No. There is no evidence that the Oklahoma film industry has strengthened since the rebate was created. Documented job creation is neither stable nor sustainable, absent state support. The effect on Oklahoma’s image nationwide is unclear, but likely limited.
Changes to Improve Future Evaluation	Supplement existing data reporting practices by retaining the following information shared by rebate recipients: - Duration of film shoot or employment period; - In-state goods and services expenditures by types and services expenditures by type; - Rebate expenditures associated with Oklahoma “expatriates” and Oklahoma production service entities. To the extent possible, administrators should increase reporting consistency when documenting film productions not receiving state incentives.

Based on these findings, the 2016 recommendation was to repeal the Film Enhancement Rebate or allow it to sunset as scheduled in 2024. The Commission voted 4-1 to approve this recommendation; however, in 2019, the sunset date was extended from July 1, 2024 to July 1, 2027.

The annual program cap was reduced from $5 million to $4 million in 2018, and in 2019, the State increased the cap to $8 million – a measure meant to retain local productions in-state while attracting new and larger productions to the state.[5]

2020 Criteria for Evaluation

The provisions of HB 2182 require that criteria specific to each incentive be used for the evaluation. A key factor in evaluating the effectiveness of incentive programs is to determine whether they are meeting the stated goals as established in state statute or legislation. In the case of this incentive, the specific goal included in legislation is to "increase film production in the State of Oklahoma by providing an incentive that will stand out among those of other states."

Additionally, to assist in a determination of program effectiveness, the Commission adopted the following criteria:

- Marginal wages and salaries paid to Oklahoma residents by films eligible for the rebate – comparison to period prior to the rebate;
- Film-related expenditures in Oklahoma by films eligible for the rebate – comparisons to period prior to the rebate;
- Additional identifiable business activity directly or indirectly produced by films eligible for the rebate;
- Additional identifiable benefits that accrue to the State by films eligible for the rebate;
- Return on investment (economic activity versus rebates paid).

2020 Evaluation Approach

To conduct its 2020 review of the Film Enhancement Rebate, the project team conducted the following activities:

- Submitted an information request to OF+MO;
- Reviewed and analyzed OF+MO-provided data;
- Completed subject matter expert/internal stakeholder interviews with representatives from OF+MO;
- In collaboration with the Oklahoma City, Tulsa and State Chambers of Commerce, conducted external stakeholder interviews with industry representatives;
- Benchmarked Oklahoma's incentive relative to peer state programs;
- Conducted an economic impact analysis of the incentive;
- Surveyed production companies and local tourism bureaus.

[5] Per SB 200 (2019)

Industry Background

Film Production Activity: U.S. Competition with Other Countries

In 1999, the Directors Guild of America (DGA) and the Screen Actors Guild (SAG) commissioned an analysis of the so-called "economic runaway production phenomenon."[6] Economic runaway productions are those developed and intended for initial release or television broadcast in the U.S. but are actually filmed in another country to achieve lower production costs.[7] The analysis found that, in 1998, of the 1,075 U.S.-developed film and television productions in the DGA study's scope, 285 (27 percent) were economic runaways, a 185 percent increase from 100 in 1990. When productions moved abroad, the U.S. incurred a $10.3 billion economic loss (defined as lost direct production spending plus the "multiplied" effects of lost spending and tax revenues) in 1998 alone. This amount was five times the $2.0 billion lost in 1990. Canada accounted for 81 percent of the total; collectively, Australia and the U.K. accounted for an additional 10 percent. According to the analysis, the phenomenon was a result of three primary factors:[8]

- **Exchange Rates**: The value of Canadian, Australian and U.K. currencies had declined by between 15 and 23 percent since 1990 relative to the U.S. dollar, reducing production costs abroad.
- **Lower Costs**: Wages and rates in these countries, which were generally lower than those in the U.S. in the early 1990s, increased at a slower pace than in the U.S. As a result, producers realized at least a 15 percent reduction in production costs from lower labor costs and costs of goods and services when filming in Canada.
- **Government Incentives**: These counties offered rich tax incentives and rebates on production activity. For instance, Canada offered federal and provincial tax credits of between 22 and 46 percent of labor expense, yielding up to a 10 percent reduction in overall production expense. Canada, Australia and the U.K. also offered up to a 100 percent tax credit for qualifying "national" and/or "cultural" productions.

To compete with Canada and other countries, several states began to offer their own tax incentives for productions filmed within their borders. Louisiana was the first state to adopt state tax incentives for film and television productions in 1992, but it wasn't until it expanded its program in 2002 that its film industry began to experience strong growth.[9] Most other states followed suit, and by 2009, 44 states offered film incentives. However, over time, many of these states decided to end their programs: as of January 2020, 33 states provided incentives. Many states that continued their programs opted to change their requirements and/or implemented new or reduced existing dollar caps.

Oklahoma Film Production Activity

The State of Oklahoma passed the "Compete with Canada Act" in 2001 to position the State as "an attractive site for film production" and to "enhance the state's image nationwide." The intent of the legislation was to "provide an incentive that will stand out among those of other states and increase film production" in the state by providing a 15 percent cash back rebate on expenditures incurred in-state for movie and television production. When it was introduced, the Act provided three times the incentive of any other state. Total rebates allowed could not exceed $2.0 million in a single year to one production company.

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[6] Directors Guild of America and Screen Actors Guild, "U.S. Runaway Film and Television Production Study Report," (1999). Available at https://www.dga.org/News/PressReleases/1999/~/media/Files/Press%20Releases/1999/0625PrRelRunawayProduction.pdf

[7] A second type of runaway production is a "creative" runaway in which production departs because the story takes place in a setting that cannot be duplicated or for other creative considerations.

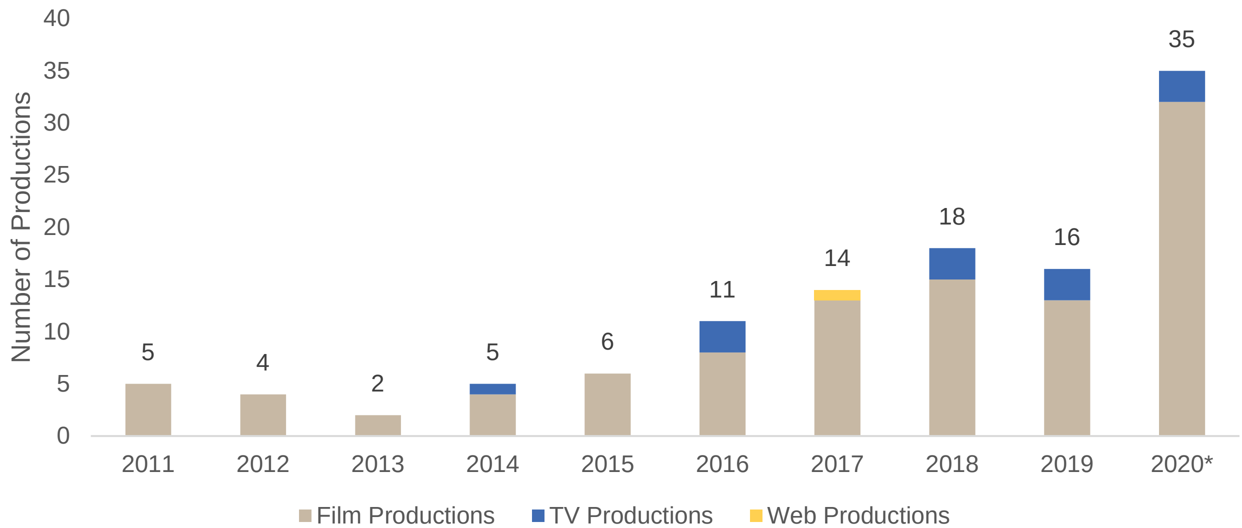
[8] The report noted that an additional cause was that the quality of Canadian and Australian production crews had improved to a point where most productions can be filmed in these countries without a major difference in quality/productivity – and their ability to handle larger, more complex production increased in tandem.

[9] NCSL, "State Film Production Incentives and Programs," (February 5, 2018). Available at: https://www.ncsl.org/research/fiscal-policy/state-film-production-incentives-and-programs.aspx#:~:text=Louisiana%20was%20the%20first%20state,states%20responded%20to%20Louisiana's%20success.

Oklahoma Productions by Year

As shown in the following figure, the number of productions based in Oklahoma participating in the incentive program has increased significantly in recent years – a CAGR of 24.1 percent between FY2011 and FY2020.

Figure 2: Total Oklahoma Productions Participating in Incentive Program, FY2011-FY2020



Source: OF+MO

** FY2020 totals include films that are in the queue but have not yet begun principal photography.*

Qualified Production-Related Spending

The following table depicts film-related expenditures in Oklahoma by production companies eligible for the incentive. It does not include qualified payroll, which is reported separately by OF+MO and discussed separately. Total expenditures have varied widely from year to year, ranging from just over $1.0 million to $16.6 million. The average expenditures per production have varied as well, ranging from $0.2 million to $3.5 million.

Table 3: Qualified Spend for Oklahoma Productions, 2011-2019 ($ in Millions)

Fiscal Year Filmed	Total Prods.	Mtl. Rental / Purchase	Lodging / Accom.	Equip. Rental / Purchase	Trans.	All Other Expenses*	Total Expenses	Avg. / Prod.
2011	5	$0.1	$0.8	$0.7	$1.0	$2.3	$5.0	$1.0
2012	4	$0.1	$0.2	$0.3	$0.2	$0.4	$1.1	$0.3
2013	2	$1.0	$1.2	$1.3	$1.3	$2.3	$7.0	$3.5
2014	5	$0.1	$0.2	$0.2	$0.3	$0.3	$1.1	$0.2
2015	6	$0.2	$0.2	$0.3	$0.2	$0.6	$1.5	$0.2
2016	11	$0.4	$0.7	$0.8	$0.5	$9.3	$11.7	$1.1
2017	14	$1.9	$1.2	$2.7	$1.5	$9.2	$16.6	$1.2
2018	18	$0.7	$1.2	$1.2	$1.0	$3.8	$7.8	$0.4
2019	16	$0.3	$0.5	$0.5	$0.4	$2.6	$4.2	$0.3

Source: OF+MO. Note: Totals include actual and projected expenditures, as some productions may have not yet submitted their actual qualified spend following the completion of production. 2020 activity was not included in this table, as data was largely preliminary and impacted, understandably, by the COVID-19 pandemic.

** "All Other Expenses" includes building/facility rentals, food/restaurant expenses, locations and studio rental fees, living expenses/per diem, overnight courier expenses, travel expenses, contracted services, insurance, Oklahoma Music and other miscellaneous expenses.*

Oklahoma Employment and Salaries
Based on data provided by OF+MO, jobs and payroll associated with qualified productions have increased significantly in recent years, as shown in the following table.

Table 4: Oklahoma Jobs and Payroll for Qualified Productions, FY2013-FY2020

Fiscal Year	Below the Line Personnel		Above the Line Personnel		Extras
	Jobs	Payroll	Jobs	Payroll	Jobs
2013	144	$703,866	0	$0	64
2014	116	$1,082,826	1	$19,575	141
2015	277	$1,053,556	61	$91,345	331
2016	780	$2,860,805	88	$1,498,809	839
2017	883	$10,356,541	124	$6,474,683	2,117
2018	768	$4,833,537	121	$2,253,918	1,243
2019	583	$3,190,604	130	$1,661,718	1,023
CAGR*	**26.2%**	**28.6%**	**165%**	**143%**	**58.7%**

Source: OF+MO
** CAGR for BTL (including extras) is FY2013-FY2019; for ATL is 2014-2019.*

In addition to the totals shown in the preceding table, FY2020 activity (including approved productions that are 'in the queue' but had not yet begun principal photography at the time of data transmission) appears to indicate a significant increase in jobs and payroll, including:

- 1,934 BTL jobs and an additional 7,562 extras, with a total payroll of nearly $35.8 million;
- 401 ATL jobs with a total payroll of nearly $15.9 million.

Notably, this data was supplied prior to the start of the COVID-19 pandemic, which has since delayed and/or otherwise modified the filming schedules of several productions. As an example, included in the projected FY2020 total is payroll associated with the film "Killers of the Flower Moon," a major motion picture where production has been postponed until 2021. This production accounts for approximately $14.2 million of the approximately $35.8 million BTL total anticipated in FY2020.

Oklahoma-Based Production Companies
As of 2005, Oklahoma was home to 61 production companies.[10] By 2019, the total had grown to 99 – a CAGR of 3.5 percent. This level of annual growth exceeds that of all private industry establishments within the state, which averaged 1.2 percent annual growth over the same time period. In addition, relative to other states, Oklahoma's growth ranks 10th. The following table compares Oklahoma's growth to the top-ranking and bottom-ranking states.

Table 5: Select State Rankings, Growth in Number of Production Companies (2005-2019)

Rank	State	CAGR
1	Rhode Island	6.9%
2	North Carolina	6.4%
3	North Dakota	5.4%
4	Kentucky	5.4%
5	Montana	4.8%
10	**Oklahoma**	**3.5%**
46	Virginia	-0.7%

[10] Based on BLS Quarterly Census of Employment and Wages data for North American Industry Classification System (NAICS) code 51211 – Motion Picture and Video Production

Rank	State	CAGR
47	New Jersey	-0.7%
48	Vermont	-0.9%
49	Florida	-1.0%
50	Minnesota	-1.9%

Source: BLS Quarterly Census of Employment and Wages
NAICS code 51211, Motion Picture and Video Production

While the prior figures pertain to productions participating in the Film Enhancement Rebate program, broader industry-related employment date is available. According to U.S. Department of Labor, Bureau of Labor Statistics (BLS) data, in 2005, 161 people in Oklahoma were employed in the Motion Picture and Video Production industry – a figure that increased to 306 by 2019 (a CAGR of 4.7 percent).[11] While still a relatively small number of people, its level of annual growth is significantly higher than growth of employment in all industries across the state, which averaged 0.8 percent annually over the same time period.

In addition, relative to other states, Oklahoma's industry growth ranks 10th. The following table shows Oklahoma's growth compared to the top-ranking and bottom-ranking states, as well as their employment totals in 2005 and 2019.

Table 6: Select State Rankings, Growth in Number of Production Company Employees (2005-2019)

Rank	State	Employees, 2005	Employees, 2019	CAGR
1	Georgia	1,976	16,058	16.1%
2	Connecticut	507	3,565	14.9%
3	Rhode Island	62	377	13.8%
4	South Carolina	288	893	8.4%
5	Massachusetts	1,124	3,100	7.5%
15	**Oklahoma**	**161**	**306**	**4.7%**
42	Kansas	179	137	-1.9%
43	Delaware	55	41	-2.1%
44	Indiana	569	409	-2.3%
45	Minnesota	1,148	749	-3.0%
46	Maine	458	161	-7.2%

Source: BLS Quarterly Census of Employment and Wages
Note: Numbers may not add due to rounding
NAICS code 51211, Motion Picture and Video Production
Note: Alaska, New Hampshire, South Dakota and West Virginia were not included, as information was not disclosable.

[11] Based on BLS data for North American Industry Classification System (NAICS) code 51211 – Motion Picture and Video Production

Incentive Usage and Administration

Incentive Characteristics

Oklahoma's Film Enhancement Rebate is equal to a percentage of documented expenditures made in-state that are directly attributable to the production of a film, television production or television commercial. Initially set at 15 percent, the rebate amount was increased to 35 percent in 2009. Productions are eligible for an additional 2 percent rebate if the production company spends at least $20,000 for the use of music created by an Oklahoma resident that is recorded in-state or for the cost of recording music in Oklahoma for use in the production.

To qualify, the total budget for the production must be at least $50,000, with at least $25,000 being expended in-state. Eligible in-state expenditures include:

- Wages or salaries of Oklahoma residents who have earned income from working on the film;
- Construction and operations, wardrobe, accessories and related services;
- Photography, sound synchronization, lighting and related sources;
- Editing and related services;
- Rental of facilities and equipment;
- Other direct costs of producing a film;
- Wages and salaries of Oklahoma expatriates.

In 2019, the annual program cap (excluding high-impact productions, none of which have been reported since at least FY2011[12]) was increased from $4 million to $8 million (the cap had been reduced from $5 million to $4 million in 2017), and the sunset date was extended from 2024 to 2027. Excess amounts beyond the cap in a fiscal year are paid the following year. Rebates are issued from the Film Enhancement Rebate Program Revolving Fund. The Fund is funded by an apportionment of state income tax revenue equal to the amount needed to pay rebate claims.

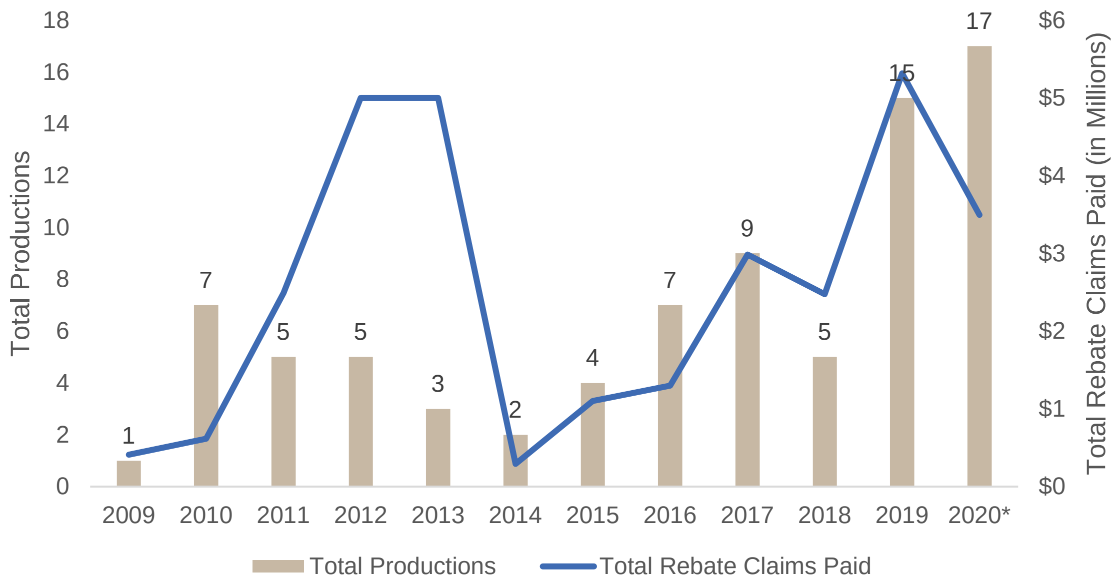
Production companies are prohibited from claiming this incentive in conjunction with the State's Point-of-Purchase Sales Tax Exemption, which has been available since 1996. This program exempts from sales tax the sales of tangible personal property or services to a motion picture or television production company to be used or consumed in connection with an eligible production (documentary, special, music video, television commercial or television program that will serve as a pilot, feature-length motion picture intended for theatrical release or broadcast). According to OF+MO representatives, use of the sales tax exemption is extremely rare, as it is less financially beneficial than the film enhancement rebate.[13]

Historic Use of the Rebate

In recent years, claims paid by the Film Enhancement Rebate program have varied. The total number of productions with paid rebate claims trended downward between FY2010 and FY2014 by a CAGR of -26.9 percent. Claims paid have generally increased each year since that point, growing by a CAGR of 42.9 percent between FY2014 and FY2020. The following figure demonstrates these trends.

[12] Productions for which total expenditures or production costs are at least $50 million, with at least 1/3 of total costs deemed Oklahoma expenditures. Payments for high-impact productions are made by a special appropriation to the Fund or from the Quick Action Closing Fund (if the claim is approved when the Oklahoma Legislature is not in session).
[13] In their eligibility and final applications, companies must attest that they did not use the sales tax exemptions. According to OF+MO representatives, use of both incentives would likely be discovered by the OTC during an audit.

Figure 3: Qualifying Productions and Rebate Claims Paid by Year, FY2009-FY2020



Source: OF+MO
** FY2020 total includes productions that are in the queue but have not yet begun principal photography.*

The average rebate per claim between FY2009 and FY2020 also varies. The average was lowest in FY2010, when seven productions received rebate claims totaling $617,000, averaging just over $88,000 per production. The average was highest in FY2013, when three productions received rebate claims totaling $5.0 million, averaging $1.7 million per production. The following table shows the top production per year, in terms of rebate claims.

Table 7: Productions with Highest Rebate Claims per Year, FY2009-FY2020

Fiscal Year	Total Rebate Claims Paid	Production Type	Production
2009	$408,984**	Film	The Killer Inside Me
2010	$205,954	TV	Extreme Makeover: Home Edition
2011	$1,586,774	Film	To the Wonder
2012	$3,925,691**	Film	Yellow
2013	$4,640,598	Film	August: Osage County
2014	$184,346**	Film	Rudderless
2015	$979,696	Film	The Veil
2016	$719,120	Film	Gosnell
2017	$802,864	Film	Wildlife
2018	$1,591,176	Film	I Can Only Imagine
2019	$1,503,408	Film	Unplanned
2020*	$1,111,819	Film	The Mustard Seed

Source: OF+MO
** FY2020 total includes productions that are in the queue but have not yet begun principal photography.*
*** Amounts shown are specific to the fiscal year; additional payments issued in subsequent fiscal years*

Additional Business Activity Associated with Incentive

Respondents to a survey of production companies indicated that Oklahoma has several locational strengths. These include a diverse topography with options for “anywhere in America;” a strong film commission and a crew base that is pleasant to work with. Respondents indicated that the incentive influenced the decision to film in Oklahoma.

Survey respondents indicated Oklahoma also has locational weaknesses. These include an insufficiently experienced crew base to properly utilize the state incentive and an insufficient number of production vendors; an annual cap that prevents larger budget films from considering Oklahoma and a need for more film and television infrastructure. Multiple respondents indicated that California and Georgia are among the most competitive locations for film production.

Incentive Administration

The Oklahoma Film and Music Office (OF+MO; part of the Travel and Tourism Division of the Oklahoma Tourism and Recreation Department) is responsible for administering the Film Enhancement Rebate program, while the Oklahoma Tax Commission (OTC) also plays a role.

The administrative process is generally comprised of two steps: eligibility application and prequalification; and final application and payment of rebate claims. A summary of the process – described in greater detail in the following – is provided in **Appendix B**.

Eligibility Application and Prequalification

To apply for a rebate, a production company submits an eligibility application and all necessary forms via the OF+MO website (or as otherwise specified by OF+MO). The requirements of the eligibility application generally include:

- General information about the production;
- Contact information;
- Preliminary production milestone dates;
- A copy of the screenplay;
- The production budget top sheet and estimated headcount;
- Various acknowledgments of program and OF+MO requirements and agreements to abide by them.

Notably, in FY2020, OF+MO began collecting additional information about potential productions as part of the initial application process. These modifications provide more factors for consideration when making award determinations. They will presumably allow for more refined analysis of the program's impact in the future. Additional information requested includes:

- Distribution plans;
- Planned Oklahoma shooting locations;
- Whether the project is scripted for Oklahoma;
- Whether post-production will be done in Oklahoma, and if so, who will provide those services;
- Whether it is a union production, and if so, which unions;
- Whether the production will use a five- or six-day work week; if episodic, the amount of shoot days per episode;
- Additional detail regarding estimated personnel;
- More specific categories of estimated Oklahoma expenditures.

Application into the program does not guarantee acceptance. OF+MO considers each eligibility application based on many factors, including compliance with program rules, the benefits of the project to Oklahoma (such as jobs, tourism, branding, image and follow-on work), funds available, anticipated future program needs and other projects applying for a rebate.

If an eligibility application is approved, the production is deemed “prequalified,” and the application estimate is multiplied by the appropriate rebate percentage to determine the estimated amount to be paid in the rebate claim. Once prequalified, OF+MO works with the production to establish a rebate schedule, and productions are assigned to a fiscal earmark year[14] based on the start of principal photography. Prequalification does not guarantee ultimate approval of a rebate claim.

Final Application and Payment of Rebate Claims

Upon completion of the production and after satisfying the requirements of the rebate schedule,[15] the production company submits a final rebate application. Each final rebate application must be accompanied by a report prepared by an independent Certified Public Accountant currently licensed by the State of Oklahoma. The report must attest that:

- Actual production expenditures were at least $50,000, with at least $25,000 incurred in-state (or if a high-impact production, actual expenditures were at least $50,000,000, with at least $16,666,667 incurred in-state);
- All amounts on the application are properly calculated and materially accurate;
- All Oklahoma payroll tax returns due from the production company (or its payroll processor) have been filed;
- All Oklahoma income tax returns for the production company due as of the review date have been filed.

In FY2020, OF+MO began collecting additional production information as part of the final application process, including:

- Distribution plans (including whether a theatrical distribution deal is in place);
- The dates of the first and last Oklahoma expenditures incurred;
- The start date of principal photography;
- Number of days in preproduction, principal photography and post-production;
- Total production days in Oklahoma.

OF+MO approves or denies all claims within 60 calendar days of receipt of a properly completed final application. If the final application and actual rebate claim are approved, the amount of the rebate claim depends on the actual expenditures incurred in-state. If they are less than or equal to the application estimate, the rebate claim will be paid in full. If they are more than the application estimate, the potential rebate claim amount will be paid within the normal payment timeframe. The remainder will be considered an additional claim and may, depending on OF+MO’s discretion and budget, be paid outside the normal timeframe (in alignment with the process for carrying forward payment described previously).

Upon notification of approval from OF+MO, the OTC issues payment for all approved claims, subject to the fiscal year maximum imposed by statute.[16] As mentioned previously, the program has a rolling cap, which adds a new amount to the fund available to pay rebate claims each fiscal year. In order to ensure funds are available to pay all prequalified productions, OF+MO assigns each prequalification to a fiscal earmark year, which may be one or more calendar years in the future. If the total amount available to pay claims in any one fiscal year is restricted by statute, claim approval priority will be determined using the fiscal earmark year, and some productions may have to wait until the first day of a future fiscal year in order to receive payment. This statutory maximum does not affect the amount of the claim or its ultimate payment but can affect the timing of when it is paid.

[14] “Fiscal earmark year” is the fiscal year to which payment of potential rebate claims is assigned.
[15] The rebate schedule is a schedule of dates, deadlines and submittals the production must achieve to submit the final application and have its rebate claim approved.
[16] And any other agreements that the production and OF+MO have agreed to in writing in the case that the production is a high-impact production.

The end credit crawl of all release prints of a completed short- or long-form film must include “Filmed in Oklahoma utilizing the Oklahoma Film Enhancement Rebate Program” and a logo provided by OF+MO. In addition, the production company must provide to OF+MO:

- A film poster;
- A final release copy of the film on DVD;
- A digital link to a copy of the film (if available);
- Production stills, behind the scenes footage or other images OF+MO can use to promote the program.

Economic and Fiscal Impact

Economic Impact Analysis

A description of the IMPLAN economic impact methodology is provided in **Appendix D**.

Economic impacts of the film production rebate incentive are measured by the amount of spending that takes place in Oklahoma for qualifying film or music payroll and production expense. Since rebates represent from 35 to 37 percent of qualified payroll and production spending, typically, statewide spending on film production is more than three times the rebate amounts.

This is a generous benefit and to date typically exceeds the tax revenue generated to the State as a result of qualified production expenditures in Oklahoma. It should be noted that economic activity (total qualified spending and multiplier effects) is a different measure than taxes generated by that spending.

The benefits of the incentive can be both short-term and long-term. The short-term benefits will result from the large volume of qualified in-state spending that takes place. For each $1 in rebates, there is, on average, $13 in total economic activity that takes place in the State.

The long-term benefit of the incentive would presumably be to seed and support the growth and development of the motion picture, film and music industry throughout the State. In this case, the average annual employment has been trending up, the dollar volume of production taking place in the State is increasing, and the ratio of dollars of economic activity to dollars of rebates paid is increasing. As overall production spending increases, the infrastructure of supporting businesses often increases. Should this expanded community of support businesses become permanent, the opportunity to capture a larger share of production expenditures may increase as well.

For economic impacts, the project team examined eight years of production activity and rebates (from 2013 to 2020). In addition, the project team split this annual activity into two sets (from 2013-2016 and 2017-2020) to enable more robust analysis that is less affected by year to year fluctuations and volatility. The trend data shows a deepening volume of activity as well as increased production spending.

As Oklahoma becomes host to larger volumes and higher production budgets per project, there may be greater opportunity to capture more of the production budget in-state, if the community of support industries grows throughout the State. Evidence of this growth potential is found in recent announcements such as the conversion of Oklahoma City's Cox Convention Center to a multi-stage production studio and launch of educational classes for production crew at the Oklahoma Film and TV Academy. However, local news reports indicate the Convention Center conversion may only be a temporary use.

The following table illustrates the annual economic activity associated with the rebate incentive. The subsequent table shows the 2013-2016 annual average compared with the 2017-2020 annual average. In the most recent years (from 2017 to 2020), Oklahoma has benefitted from average annual economic impacts of $61 million per year and employment of nearly 1,100 persons annually. This represents nearly a five-fold growth in annual economic activity over the prior four-year period and a seven-fold growth in employment. For analysis purposes, the table compares total impacts with total estimated tax revenue and total claimed credit. These comparisons are provided at the total impact level only and not the component elements, because there are no corresponding credits at the component levels. Tax revenue generated to the State of Oklahoma was estimated by applying the long-term ratio of Oklahoma's gross state tax collections to Gross State Product (GSP); additional detail is provided in **Appendix C**.

It is difficult to determine the economic performance of planned and announced activity in 2020, which was originally assumed to be substantial. Unfortunately, significant delays in this activity occurred due to the COVID-19 pandemic. One of the largest projects, "Killers of the Flower Moon," has been delayed to year 2021 due to the COVID-19 disruption. This project is not included in the 2020 data. Other projects were also delayed but have started production and filming in late 2020. These projects have been included in the 2020 economic impacts; however, it is reasonable to assume portions of production expense and economic activity from these later projects will occur both in years 2020 and in 2021. The late year projects are included in the 2020 impact analysis because these projects are underway.

Table 8: Economic Impacts Per Year, FY2013-FY2020

Year	Effect	Output	Value Added	Labor Income	Jobs	Estimated OK Tax Revenue	Total Claimed	Ratio: Output/ Claims	Ratio: Revenue/ Claims
2013	Direct Effect	$7,719,747	$1,567,109	$724,737	39				
	Indirect Effect	$3,903,266	$1,647,263	$1,062,290	36				
	Induced Effect	$1,317,698	$694,870	$385,305	10				
	Total Effect	**$12,940,710**	**$3,909,242**	**$2,172,332**	**85**	**$206,173**	**$7,000,000**	**$1.85**	**$0.03**
2014	Direct Effect	$2,206,116	$1,353,777	$1,108,479	59				
	Indirect Effect	$1,130,150	$479,682	$309,338	10				
	Induced Effect	$1,046,672	$551,429	$305,690	8				
	Total Effect	**$4,382,939**	**$2,384,888**	**$1,723,507**	**77**	**$125,779**	**$1,100,000**	**$3.98**	**$0.11**
2015	Direct Effect	$2,642,708	$1,450,305	$1,152,285	61				
	Indirect Effect	$1,361,750	$582,780	$375,825	12				
	Induced Effect	$1,110,919	$594,315	$329,470	8				
	Total Effect	**$5,115,377**	**$2,627,401**	**$1,857,580**	**82**	**$138,569**	**$1,500,000**	**$3.41**	**$0.09**
2016	Direct Effect	$16,035,393	$6,169,376	$4,403,370	230				
	Indirect Effect	$8,120,514	$3,453,434	$2,227,058	73				
	Induced Effect	$4,813,848	$2,578,581	$1,429,573	35				
	Total Effect	**$28,969,756**	**$12,201,390**	**$8,060,000**	**338**	**$643,501**	**$11,700,000**	**$2.48**	**$0.06**
2017	Direct Effect	$33,381,588	$20,678,373	$16,924,239	873				
	Indirect Effect	$17,198,161	$7,341,229	$4,734,227	152				
	Induced Effect	$15,820,475	$8,423,590	$4,669,695	112				
	Total Effect	**$66,400,225**	**$36,443,192**	**$26,328,161**	**1,138**	**$1,922,014**	**$16,600,000**	**$4.00**	**$0.12**
2018	Direct Effect	$14,929,000	$8,833,695	$7,129,675	359				
	Indirect Effect	$7,712,033	$3,332,220	$2,148,889	67				
	Induced Effect	$6,708,477	$3,608,668	$2,000,516	47				
	Total Effect	**$29,349,509**	**$15,774,584**	**$11,279,080**	**473**	**$831,952**	**$7,800,000**	**$3.76**	**$0.11**
2019	Direct Effect	$9,101,889	$5,920,567	$4,878,150	243				
	Indirect Effect	$4,714,625	$2,038,453	$1,314,562	41				
	Induced Effect	$4,483,172	$2,408,530	$1,335,185	31				
	Total Effect	**$18,299,686**	**$10,367,550**	**$7,527,897**	**315**	**$546,785**	**$4,200,000**	**$4.36**	**$0.13**
2020	Direct Effect	$62,428,057	$45,456,186	$38,282,273	1,847				
	Indirect Effect	$32,425,554	$14,028,626	$9,046,808	277				

Year	Effect	Output	Value Added	Labor Income	Jobs	Estimated OK Tax Revenue	Total Claimed	Ratio: Output/ Claims	Ratio: Revenue/ Claims
	Induced Effect	$34,308,954	$18,407,286	$10,204,455	234				
	Total Effect	**$129,162,565**	**$77,892,098**	**$57,533,537**	**2,358**	**$4,108,029**	**$3,496,054**	**$36.95**	**$1.18**

Source: PFM Group Consulting LLC; IMPLAN Copyright 2020

Table 9: Average Annual Economic Impact Comparison, FY2013-FY2016 / FY2017-FY2020

Years	Effect	Output	Value Added	Labor Income	Jobs	Estimated OK Tax Revenue	Total Claimed	Ratio: Output/ Claims	Ratio: Revenue/ Claims
2013-2016	Direct Effect	$7,150,991	$2,635,142	$1,847,218	97				
	Indirect Effect	$3,628,920	$1,540,790	$993,628	33				
	Induced Effect	$2,072,284	$1,104,799	$612,509	15				
	Total Effect	**$12,852,195**	**$5,280,730**	**$3,453,355**	**145**	**$278,506**	**$5,325,000**	**$2.41**	**$0.05**
2017-2020	Direct Effect	$29,960,133	$20,222,205	$16,803,584	831				
	Indirect Effect	$15,512,593	$6,685,132	$4,311,121	134				
	Induced Effect	$15,330,269	$8,212,018	$4,552,463	106				
	Total Effect	**$60,802,996**	**$35,119,356**	**$25,667,169**	**1,071**	**$1,852,195**	**$3,567,709**	**$17.04**	**$0.52**

Source: PFM Group Consulting LLC; IMPLAN Copyright 2020

Incentive Benchmarking

Benchmarking

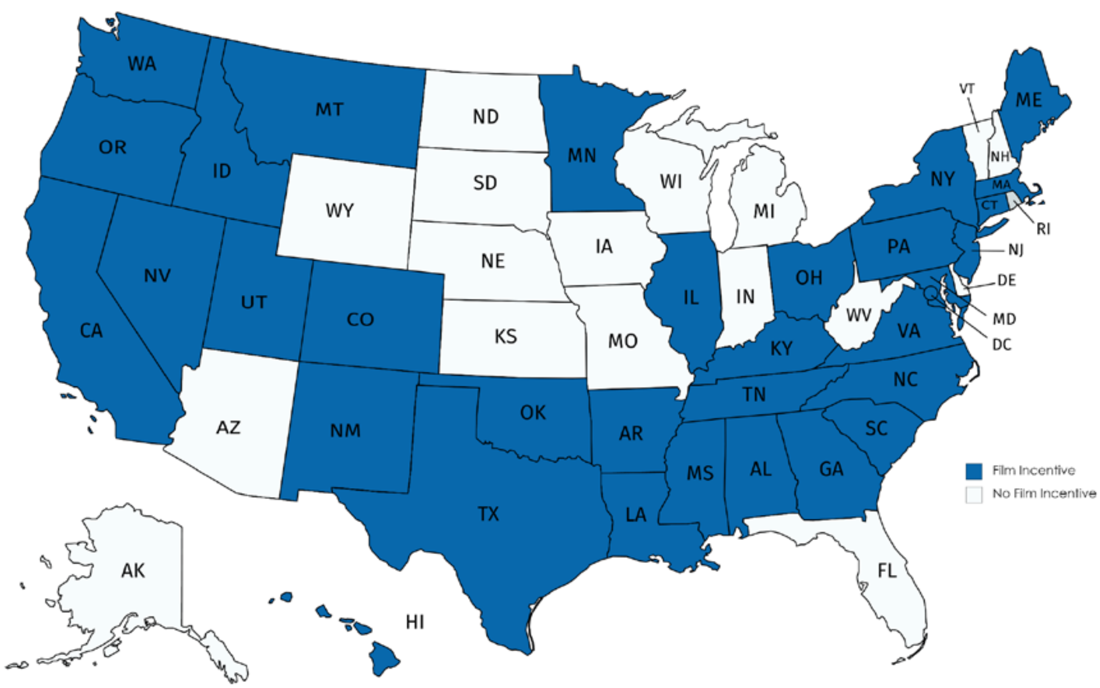
A detailed description of comparable state programs can be found in **Appendix E.**

For evaluation purposes, benchmarking provides information related to how peer states use and evaluate similar incentives. At the outset, it should be understood that no states are 'perfect peers' – there will be multiple differences in economic, demographic and political factors that will have to be considered in any analysis; likewise, it is exceedingly rare that any two state incentive programs will be exactly the same.[17] These benchmarking realities must be taken into consideration when making comparisons – and, for the sake of brevity, the report will not continually re-make this point throughout the discussion.

The process of creating a comparison group for incentives typically begins with bordering states. This is generally the starting point, because proximity often leads states to compete for the same regional businesses or business/industry investments. Second, neighboring states often (but not always) have similar economic, demographic or political structures that lend themselves to comparison.

In the case of the Film Enhancement Rebate, however, similar state incentives are prevalent and extend well beyond the states neighboring Oklahoma. As mentioned previously, as of January 2020, 33 states provided such incentives, though this is fewer than in 2009, when 44 states offered them. States with such programs are indicated in the following map. Notably, most states that currently do not offer incentives are in the midwestern U.S.

Figure 4: States with Film Production Incentives



Among those states currently offering film incentives, specific provisions vary from state to state, including the type of incentive offered; the amount of the incentive and what, if any, additional incentives are provided. Each of these provisions is discussed in the following.

[17] The primary instances of exactly alike state incentive programs occur when states choose to 'piggyback' onto federal programs.

Type of Incentive
Most states (18) structure their program(s) as a tax credit. Ten other states, including Oklahoma, offer rebates. Two states structure their programs as grants, two offer a combination of tax credits and rebates, and one offers a combination of tax credits and grants.

Incentive Amount
At 35 percent of qualified expenditures, Oklahoma's basic incentive amount is among the most generous nationwide. Just two other states – Montana and Washington – offer incentives up to 35 percent.[18] Several states – including Oklahoma – offer additional incentives beyond the basic spend and labor incentive. In Oklahoma, if music qualifications are met, the incentive is increased from 35 to 37 percent; this is unique among states. In other states, it is common to include nonresident labor in the basic incentive and to provide a higher percentage for resident labor or to provide an additional incentive for nonresident labor. Still other states offer additional incentives for production taking place in certain geographic areas. In California, for example, a 5 percent premium is added to expenditures incurred outside of certain production zones.

Recent Modifications to State Programs
In recent years, there have been significant increases and decreases (or elimination) in state film incentive programs. Some states (including Oklahoma) have modified their program requirements, implemented caps or reduced them to reign in their incentives – in some cases as a way of dealing with general state budget shortfalls. Other states (also including Oklahoma) have expanded their programs, particularly as the economy has improved. Select examples of program modifications are summarized in the following figure.

[18] In Washington, the range is 15-30 percent, depending on the type of production and minimum spend.

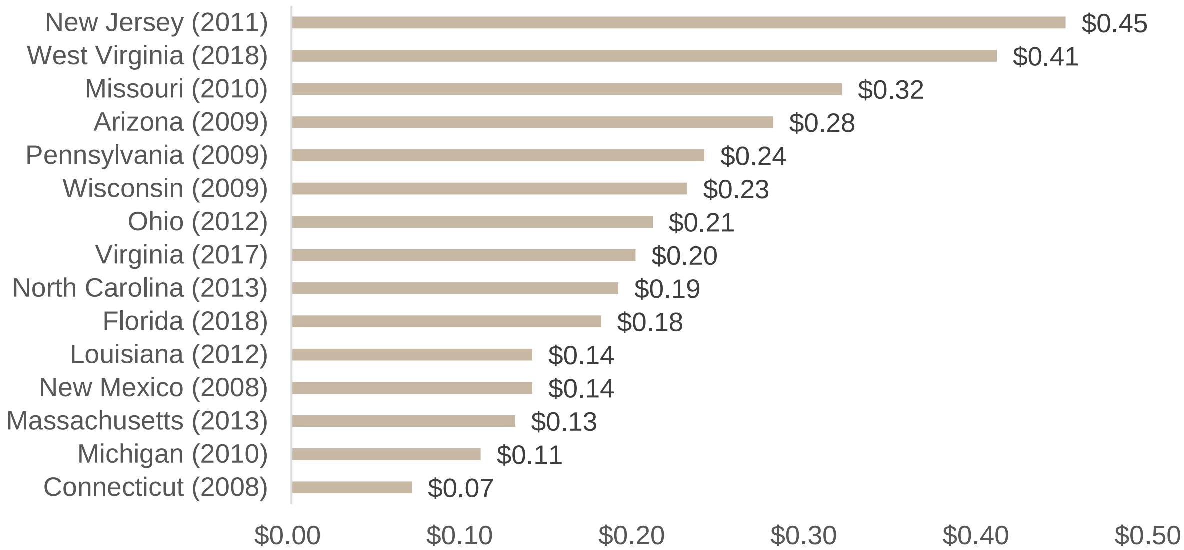
Figure 5: Examples of Recent State Actions Related to Film Incentives

Film Incentive Expansions	Film Incentive Restrictions
2015: **Kentucky** increases is incentive	2017: **Wyoming** allows its program to expire; bill to reinstate it fails
2018: **North Carolina** increases annual program cap to $34 million and eliminates July 1, 2020 sunset date	2017: **Louisiana** places a $150 million cap on the amount of credits that can be issued each year (it was reduced to $180 million in 2015)
2019: **Oklahoma** increases its annual cap to $8 million and extends sunset date from July 1, 2024 to July 1, 2027	2018: **Oklahoma** reduces its annual cap to $4 million
2019: **New Mexico** increases its annual cap to $110 million and provides additional 5 percent credit for productions more than 60 miles from Bernalillo and Santa Fe Counties	2018: **West Virginia** eliminates its program following a report citing minimal economic benefit to the State
2019: **Colorado, Hawaii, Pennsylvania and Rhode Island** enact increases to their annual caps	2018: **Colorado** reduces its annual program appropriation
2020: **California** rolls out a separate funding pot for independent films with budgets under $10 million and provides a bonus for productions outside of Los Angeles	2018: **Maryland** reduces its annual program appropriation
2020: **New York** allows for online commercials to qualify for its incentives	2018: **Texas** reduces its annual program appropriation
	2019: **Montana** reinstates its transferrable film tax credit
	2020: **Georgia** lawmakers consider reducing program to avoid budget cuts ordered by Governor

Benchmarking Program Evaluations

State reviews of their own film incentive programs – and independent analyses – have often calculated a negative return on investment. As one example, a 2018 analysis by the John Locke Foundation of 15 state film incentive evaluations found that return on investment ranged from $0.07 to $0.45 for every state dollar spent, as shown in the following figure.

Figure 6: Return on Investment per State Dollar Spent



Source: John Locke Foundation, "More States End Film Incentives while North Carolina Triples Down" (2018)

While Louisiana's 2012 evaluation found a return on investment of $0.14 per state dollar, an updated 2019 study of its program found that taxpayers are losing roughly two-thirds of the money they put into the state's film tax credit program. In other words, for every dollar spent on the tax credit programs for the entertainment industry, state and local governments in Louisiana get about $0.36 cents back in tax revenue – an improvement, albeit still not a positive ROI to the state.

"But For" Analysis and Impact on Location Decisions

Evaluations in other states have found that the percentages of film productions that would have filmed in their state without a film incentive are generally low. The most compelling evidence is from California, where awards were once made based on a randomized lottery. Nearly 200 projects applied to the program and did not receive assistance; 33 percent of these projects filmed in California anyway. This percentage may be higher than what would occur in other states, because California is uniquely well suited for film production, given its premier film infrastructure and abundant supply of cast and crew. A survey of Florida tax credit recipients found that only 23 percent would have filmed as planned without the incentive. Recent evaluations of the Massachusetts program estimate that only 8 to 10 percent of the incentivized activity would have occurred without an incentive. Evaluations for several states with low levels of film infrastructure and crew base assume that none of their incentivized film production would have occurred without the incentives.

A March 2019 study by the IZA Institute of Labor Economics estimated the impacts of U.S. state film incentives on filming location, film industry employment, wages, establishments and spillover impacts on related industries.[19] The analysis found that TV series filming increases by 6.3 to 55.4 percent (0.67 to 1.50 additional TV series) after incentive adoption. However, there is no meaningful effect on feature films, and employment, wages, and establishments in the film industry and in related industries. These results suggest that the ability for tax incentives to affect business location decisions and economic development is mixed, and even with aggressive incentives, and "footloose" filming, incentives may have little impact.

[19] IZA Institute of Labor Economics, "Do Tax Incentives Affect Business Location and Economic Development? Evidence from State Film Incentives" (March 2019). Available at http://ftp.iza.org/dp12225.pdf

Appendices

Appendix A: Program Statute

§68-3621. Short title.
This act shall be known and may be cited as the "Compete with Canada Film Act".
Added by Laws 2001, c. 259, § 1, eff. July 1, 2001.

§68-3623. Definitions.
As used in the Compete with Canada Film Act:

1. "Crew" means any person who works on preproduction, principal photography, and postproduction, with the exception of producers, principal cast, screenwriters, and the director. The qualifying salary of producers, principal cast, screenwriters, and the director, also known as "above-the-line personnel", may be included as crew if the salaries are paid to loan-out corporations and limited liability companies registered to do business in the State of Oklahoma or the salaries are paid to Oklahoma-based above-the-line personnel. The qualifying salary of above-the-line personnel shall not comprise more than twenty-five percent (25%) of total expenditures as defined in paragraph 2 of this section. For purposes of this paragraph, "Oklahoma-based" means a company or individual with an Oklahoma income tax requirement;

2. "Expenditure" or "production cost" includes but is not limited to:
    a. wages or salaries of persons who are residents of this state and who have earned income from working on a film in this state, including payments to personal services corporations with respect to the services of qualified performing artists, as determined under Section 62(a)(A) of the Internal Revenue Code,
    b. the cost of construction and operations, wardrobe, accessories and related services,
    c. the cost of photography, sound synchronization, lighting and related services,
    d. the cost of editing and related services,
    e. rental of facilities and equipment,
    f. other direct costs of producing a film, and
    g. the wages and salaries of persons who are defined and registered as an Oklahoma Expatriate by the Office of the Oklahoma Film and Music Commission;

3. "Film" means a professional single media, multimedia program or feature, which is not child pornography as defined in subsection A of Section 1024.1 of Title 21 of the Oklahoma Statutes or obscene material as defined in paragraph 1 of subsection B of Section 1024.1 of Title 21 of the Oklahoma Statutes, including, but not limited to, national advertising messages that are broadcast on a national affiliate or cable network, fixed on film or digital video, which can be viewed or reproduced and which is exhibited in theaters, licensed for exhibition by individual television stations, groups of stations, networks, cable television stations or other means or licensed for home viewing markets; and

4. "Production company" means a person or company who produces film for exhibition in theaters, on television or elsewhere.

Added by Laws 2001, c. 259, § 3, eff. July 1, 2001. Amended by Laws 2002, c. 203, § 1, eff. July 1, 2002; Laws 2006, c. 29, § 1, eff. July 1, 2006; Laws 2007, c. 341, § 1; Laws 2008, c. 436, § 14, eff. July 1, 2009.

§68-3624. Oklahoma Film Enhancement Rebate Program.

A. There is hereby created the Oklahoma Film Enhancement Rebate Program. A rebate in the amount of up to seventeen percent (17%) of documented expenditures made in Oklahoma directly attributable to the production of a film, television production, or television commercial, as defined in Section 3623 of this title, in this state, may be paid to the production company responsible for the production. Provided, for documented expenditures made after July 1, 2009, the rebate amount shall be thirty-five percent (35%), except as provided in subsection B of this section.

B. The amount of rebate paid to the production company as provided for in subsection A of this section shall be increased by an additional two percent (2%) of documented expenditures if a production company spends at least Twenty Thousand Dollars ($20,000.00) for the use of music created by an Oklahoma resident that is recorded in Oklahoma or for the cost of recording songs or music in Oklahoma for use in the production.

C. The rebate program shall be administered by the Office of the Oklahoma Film and Music Commission and the Oklahoma Tax Commission, as provided in the Compete with Canada Film Act.

D. To be eligible for a rebate payment:
   1. The production company responsible for a film, television production, or television commercial, as defined in Section 3623 of this title, made in this state shall submit documentation to the Office of the Oklahoma Film and Music Commission of the amount of wages paid for employment in this state to residents of this state directly relating to the production and the amount of other production costs incurred in this state directly relating to the production;
   2. The production company has filed or will file any Oklahoma tax return or tax document which may be required by law;
   3. Except major studio productions, the production company shall provide the name of the completion guarantor and a copy of the bond guaranteeing the completion of the project or if a film has not secured a completion bond, the production company shall provide evidence that all Oklahoma crew and local vendors have been paid and there are no liens against the production company pending in the state;
   4. The minimum budget for the film shall be Fifty Thousand Dollars ($50,000.00) of which not less than Twenty-five Thousand Dollars ($25,000.00) shall be expended in this state;
   5. The production company shall provide evidence of financing for production prior to the commencement of principal photography; and
   6. The production company shall provide evidence of a certificate of general liability insurance with a minimum coverage of One Million Dollars ($1,000,000.00) and a workers' compensation policy pursuant to state law, which shall include coverage of employer's liability.

E. A production company shall not be eligible to receive both a rebate payment pursuant to the provisions of this act and an exemption from sales taxes pursuant to the provisions of paragraph 21 of Section 1357 of this title. If a production company has received such an exemption from sales taxes and submits a claim for rebate pursuant to the provisions of the Compete with Canada Film Act, the company shall be required to fully repay the amount of the exemption to the Tax Commission. A claim for a rebate shall include documentation from the Tax Commission that repayment has been made as required herein or shall include an affidavit from the production company that the company has not received an exemption from sales taxes pursuant to the provisions of paragraph 21 of Section 1357 of this title.

F. The Office shall approve or disapprove all claims for rebate and shall notify the Tax Commission. The Tax Commission shall, upon notification of approval from the Office of the Film and Music Commission, issue payment for all approved claims from funds in the Oklahoma Film Enhancement Rebate Program Revolving Fund created in Section 3625 of this title. Provided, no claims for rebate for expenditures made on or after July 1, 2009, shall be paid prior to July 1, 2010. The amount of payments in any single fiscal year shall not exceed Four Million Dollars ($4,000,000.00). If the amount of approved claims exceeds the amount specified in this subsection in a fiscal year, payments shall be made in the order in which the claims are approved by the Office. If an approved claim is not paid in whole or in part, the unpaid claim or unpaid portion may be paid in the following fiscal year subject to the limitations specified in this subsection.

Added by Laws 2001, c. 259, § 4, eff. July 1, 2001. Amended by Laws 2002, c. 203, § 2, eff. July 1, 2002; Laws 2005, c. 381, § 15, eff. July 1, 2005; Laws 2006, c. 29, § 2, eff. July 1, 2006; Laws 2007, c. 341, § 2; Laws 2008, c. 436, § 15, eff. July 1, 2009; Laws 2009, c. 426, § 14, eff. July 1, 2009; Laws 2017, c. 121, § 1, eff. July 1, 2017.

§68-3625. Oklahoma Film Enhancement Rebate Program Revolving Fund.

A. There is hereby created in the State Treasury a revolving fund for the Oklahoma Tax Commission to be designated the "Oklahoma Film Enhancement Rebate Program Revolving Fund". The fund shall be a continuing fund, not subject to fiscal year limitations, and shall consist of all monies received by the Tax Commission which are specifically required by law to be deposited in the fund and any public or private donations, contributions, and gifts received for the benefit of the fund. All monies accruing to the credit of the fund are hereby appropriated and may be budgeted and expended by the Tax Commission for the purpose of paying rebates as provided in this act. Expenditures from the fund shall be made upon warrants issued by the State Treasurer against claims filed as prescribed by law with the Director of the Office of Management and Enterprise Services for approval and payment.

B. The Oklahoma Tax Commission shall apportion, from the revenues which would otherwise be apportioned to the General Revenue Fund pursuant to subparagraph a of paragraph 1 of Section 2352 of this title, an amount that the Commission estimates to be necessary to pay the rebates provided by Section 3624 of this title to the Oklahoma Film Enhancement Rebate Program Revolving Fund.

Added by Laws 2001, c. 259, § 5, eff. July 1, 2001. Amended by Laws 2005, c. 381, § 16, eff. July 1, 2005; Laws 2012, c. 304, § 568.

§68-3626. Termination of act.

The provisions of the Compete with Canada Film Act shall be terminated effective July 1, 2024, and no claim shall be paid thereafter.

Added by Laws 2001, c. 259, § 6, eff. July 1, 2001. Amended by Laws 2008, c. 436, § 16, eff. July 1, 2009; Laws 2014, c. 2, § 1.

Appendix B: Detailed Rebate Schedule

60 Calendar Days Prior to Principal Photography

- Submit eligibility application
- Submit application estimate and proof of funding for at least 50% of production budget
- Prior to paying salaries or wages to a production employee in Oklahoma, submit a certificate of workers' compensation insurance with limits pursuant to Oklahoma law

30 Calendar Days Prior to Principal Photography

- Submit the following:
- Proof of funding for the production budget
- Updated shooting schedule
- Updated screenplay
- Copy of the completion bond, if applicable*
- Additional documents as may be reasonably requested by OFMO

10 Calendar Days Prior to Principal Photography

- Submit a certificate of general liability insurance with a min. limit of $1m in coverage**
- Submit a certificate of automobile liability insurance with minimums of $250k/$500k/$250k coverage** or certification that no employee of the production will drive an automobile as part of the production
- With with OFMO to draft and distribute a press release about the production to relevant media

During Principal Photography

- Submit the following (preferably in advance, if practical):
- Updates to the shooting schedule
- Updates to the screenplay

Within 90 Calendar Days*** of Completion of the Production

- Upload through the OFMO website the list of Oklahoma crew, Oklahoma expatriates and vendors used on the production
- Submit the final application

Source: OF+MO Administrative Rules (as of December 2019)

** Unless a production is backed by a major studio or other financing source acceptable to OF+MO, the production will post a completion bond from a guarantor acceptable to OF+MO guaranteeing the completion of the production and payment of all Oklahoma liabilities. In lieu of a completion bond, a production may produce evidence acceptable to OF+MO that all crew, vendors and taxes have been paid and there are no outstanding or potential liens in Oklahoma against the production company.*

*** Or a binder for such with a start date no later than the estimated start of pre-production*

*** *Calendar days (or payment date of last QOE, if later)*

Appendix C: State of Oklahoma Tax Collection / Gross State Product

Year	Oklahoma GSP	Oklahoma Tax Revenue	Ratio
2005-06	$136,363,200,000	$8,435,214,025	6.2%
2006-07	$143,042,900,000	$8,685,842,682	6.1%
2007-08	$163,616,400,000	$9,008,981,280	5.5%
2008-09	$144,015,000,000	$8,783,165,581	6.1%
2009-10	$152,043,000,000	$7,774,910,000	5.1%
2010-11	$164,150,600,000	$8,367,871,162	5.1%
2011-12	$172,865,600,000	$8,998,362,975	5.2%
2012-13	$180,665,000,000	$9,175,334,979	5.1%
2013-14	$195,249,800,000	$9,550,183,790	4.9%
2014-15	$185,986,800,000	$9,778,654,182	5.3%
2015-16	$179,023,400,000	$8,963,894,053	5.0%
2016-17	$187,677,500,000	$8,789,362,844	4.7%
2017-18	$201,870,700,000	$9,837,247,035	4.9%
2018-19	$206,139,300,000	$11,091,161,884	5.4%
Average	**$172,336,371,429**	**$9,088,584,748**	**5.3%**

Sources: U.S. Bureau of Economic Analysis Regional Economic Accounts; OTC Annual Reports

Appendix D: IMPLAN Economic Impact Methodology

The economic impact methodology utilized to determine the multiplier effects is IMPLAN (IMpact Analysis for PLANning).

IMPLAN's Social Accounting Matrices (SAMs) capture the actual dollar amounts of all business transactions taking place in a regional economy as reported each year by businesses and governmental agencies. SAM accounts are a better measure of economic flow than traditional input-output accounts because they include "non-market" transactions. Examples of these transactions would be taxes and unemployment benefits.

Economic Indicators

Employment

Employment data in IMPLAN follows the same definition as Bureau of Economic Analysis Regional Economic Accounts (BEA REA) and Bureau of Labor Statistics Census of Employment and Wages (BLS CEW) data, which is full-time/part-time annual average. Thus, 1 job lasting 12 months = 2 jobs lasting 6 months each = 3 jobs lasting 4 months each. A job can be either full-time or part-time. Similarly, a job that lasts one quarter of the year would be 0.25 jobs. Note that a person can hold more than one job, so the job count is not necessarily the same as the count of employed persons.

Labor Income

Labor Income represents the total value of all forms of employment income paid throughout a defined economy during a specified period. It reflects the combined cost of total payroll paid to employees (e.g. wages and salaries, benefits, payroll taxes) and payments received by self-employed individuals and/or unincorporated business owners (e.g. capital consumption allowance) across the defined economy. Labor Income (LI) encompasses two additional representative metrics called Proprietor Income (PI) and Employee Compensation (EC).

Value Added

Value Added represents the difference between *Output* and the cost of *Intermediate Inputs* throughout a defined economy during a specified period. It equals gross Output minus Intermediate Inputs (consumption of goods and services purchased from other industries or imported). Value Added is a measure of the contribution to GDP made by an individual producer, Industry, or Sector.

Output

All analysis in IMPLAN is based on Output, which is the value of production by industry in a calendar year. IMPLAN Output data largely come from the same sources as those used by the BEA in developing their Benchmark Input-Output tables. Since output is the total production value of a Sector, it includes all components of production value or output for a given Sector: Output = Employee Compensation + Proprietor Income + Intermediate Expenditures + Tax on Production and Imports + Other Property Income.

Economic Effects

Input-Output (I-O) Analysis and IMPLAN (SAM) is designed to predict the ripple effect of an economic activity by using data about previous spending. Production in a given Sector in an economy supports demand for production in Sectors throughout the economy, both due to supply chain spending and spending by workers.

Direct Effect

A Direct effect is the initial exogenous change in final demand in terms of Industry Output, Employment, and Labor Income Dollars. When consumers purchase goods and services, they create final demand to the Industries producing the goods and services they consume. When you analyze final demand in IMPLAN, we call this a Direct Effect.

Indirect Effect
Indirect effects are the business to business purchases in the supply chain taking place in the region that stem from the initial industry input purchases. As the Industry specified in an Event spends their money in the region with their suppliers, this spending is shown through the Indirect Effect.

Induced Effect
The Induced Effects stem from income being spent throughout the Selected Region. Typically, the income being analyzed are the wages of employees working in the Direct/Indirect Industries.

Appendix E: Comparable State Programs

	Incentive Amount	Incentive Type	Refundable/ Transferable/ Carry Forward	Minimum Spend	Qualified Labor	Loan Out/ Withholding	Screen Credit Required	CPA Audit Required	Sunset Date
OK	35% Spend & Labor + 2% Music	Rebate	Yes/No/NA	$50k $25k	Each Resident & ATL NR Loan Out	No/Yes	Yes	Yes	6/30/2027
AR	Up to 20% Spend & Labor +10% BTL Resident Labor	Rebate	Yes/No/NA	$200k $50k	1st $500k of Each Resident & Nonresident Subject to AR Tax	No/No	Yes	Yes	6/30/2029
CO	20% Spend & Labor	Rebate	Yes/No/NA	$100k or $1M	1st $1M of Each Resident & Nonresident	No/Yes	Yes	Yes	None
NM	25% Spend, NR Artist & Resident Labor + 5% Location/Stage/Pilot 15% Limited BTL NR Crew	Tax Credit	Yes/Yes/No	$0	Each Resident, Nonresident Performing Artists, Limited BTL Nonresident Crew	Yes 4.9%/No	Yes	Yes	None
TX	5%, 10%, 20% +2.5% Underutilized Area	Grant	Yes/No/NA	$250k Film/TV $100k Comm./ Video	1st $1M of Each Resident	No/No	Yes	No	None
AL	25% Spend & NR Labor 35% Resident Labor	Tax Credit	Yes/No/No	$500k	Each Resident & 1st $500k of Each BTL NR, 1st $1M of Each ATL NR	No/No	Yes	Yes	None

	Incentive Amount	Incentive Type	Refundable/ Transferable/ Carry Forward	Minimum Spend	Qualified Labor	Loan Out/ Withholding	Screen Credit Required	CPA Audit Required	Sunset Date
CA	20% Non-Indie & TV +5%, +10% Out-of-Zone 25% Indie & Relocated TV +5% Out-of-Zone	Tax Credit	No/No/5yr No/Yes /5yr	$1M Film/TV Per EPS $500k Mini-series	Each BTL Resident & BTL Nonresident	No/No	Yes	Yes	6/30/2025
CT	10% Spend & Labor 15% Spend & Labor 30% Spend & Labor	Tax Credit	No/Yes /5yr	≥ $100k ≤ $500k, > $500k ≤ $1M, > $1M	Each Resident & Nonresident	No/Yes	Yes	Yes	None
GA	20% Spend & Labor +10% Promotional	Tax Credit	No/Yes/5yr	$500k	1st $500k of Each Resident & Nonresident on W-2	Yes 6%/No	Yes	Optional	None
HI	20% Oahi 25% Other Islands	Tax Credit	Yes/No/No	$200k	Each Resident & Nonresident Subject to HI Tax	No/Yes	Yes	Yes	12/31/2025
ID	20% Spend & Labor	Rebate	Yes/Yes/NA	$200k	Each BTL Resident & BTL Nonresident	No/No	No	No	6/30/2020
IL	30% Spend & Resident Labor +15% Area	Tax Credit	No/Yes/5yr	< 30 min > $50k ≥ 30 min > $100k	1st $100k of Each Resident	No/No	Yes	Yes	12/31/2026
KY	30% Spend & NR Labor +5% Enhanced County 35% Resident Labor	Tax Credit	No/No/No	$125k/$250k Film/TV, $10k/$20k Documentary	Each BTL & 1st $1M of Each ATL	No/Yes	Yes	No	None

	Incentive Amount	Incentive Type	Refundable/ Transferable/ Carry Forward	Minimum Spend	Qualified Labor	Loan Out/ Withholding	Screen Credit Required	CPA Audit Required	Sunset Date
LA	25% Spend & Labor +15% Resident Labor +10% Screenplay + 5% Out-of-Zone + 5% VFX Costs	Tax Credit	No/Yes /5yr	> $300k	1st $3M of Each Resident & Nonresident	Yes 6%/No	Yes	Yes	6/30/2025
ME	10% NR Labor 12% Resident Labor 5% Spend	Rebate Tax Credit	Yes/No/NA No/No/No	$75k $75k	1st $50k of Each Resident & Nonresident NA	No/No	Yes	No	None
MD	25% Spend & Labor or 27% Spend & Labor	Tax Credit	Yes/No/No	> $250k	Each Resident & Nonresident Earning ≤ $500k	No/No	Yes	Yes	None
MA	25% Payroll 25% Spend	Tax Credit	Yes /Yes/5yr	$50k	Each Resident & Nonresident	Yes 5%/Yes	Yes	Yes	12/31/2022
MN	20% Spend & Labor +5% Meet Certain Criteria	Rebate	Yes/No/NA	≥ $100k < $1M ≥ $1M or ≥ 60% of PP Outside Metro Area	Each Resident & 1st $400k/$500k of Certain Nonresidents	No/Yes	Yes	Yes	None
MS	25% Spend & NR Labor 30% Resident Labor + 5% Veteran	Rebate	Yes/No/NA	$50k	1st $5M of Each Resident & Nonresident Subject to MS W/H	Yes 5%/Yes	Yes	No	None
MT	20%–35% Spend & Labor	Tax Credit	No/Yes/5yr	≥ $350k Film/TV > $50k < $350k Commercials Music Videos	1st $7.5M of Each ATL; $150k in Credits for Each BTL Resident & Each BTL Nonresident	Yes 6.9%/No	Yes	Yes	12/31/2029

	Incentive Amount	Incentive Type	Refundable/ Transferable/ Carry Forward	Minimum Spend	Qualified Labor	Loan Out/ Withholding	Screen Credit Required	CPA Audit Required	Sunset Date
NV	15%, 20%, 25% Spend & Resident Labor 12% ATL NR Labor	Tax Credit	No/Yes/4yr	$500k	1st $750k of Each Resident & ATL Nonresident	No/No	No	Yes	None
NJ	30% Spend & Labor +5% Counties +2% Diversity Plan	Tax Credit	No/Yes/7yr	60% of Total Spend in NJ or > $1M Qualified Spend	1st $500k of Each Resident & Nonresident	Yes 6.37%/Yes	Yes	Yes	6/30/2028
NY	30% Spend & Labor + 10% Upstate Cnty 30%, 35% Post Only + 10% Upstate Cnty	Tax Credit	Yes/No/No Yes/No/No	$0 $0	Each BTL Resident & BTL Nonresident Each BTL Resident & BTL Nonresident	No/No	Yes	Optional AUP Report	12/31/2022
NC	25% Spend & Labor	Rebate	Yes/No/NA	$3M Film $1M TV Film $1M Avg. Per EPS $250k Commercial	1st $1M of Each Resident & Nonresident	Yes 4%/No	Yes	Yes	None
OH	30% Spend & Labor	Tax Credit	Yes/No/No	> $300k	Each Resident & Nonresident	No/Yes	Yes	Yes	None
OR	OPIF 20% Spend OPIF 10% Wage +10% o/s Zone GOLR +6.2%	Rebate	Yes/No/NA	$1M $1M	Each Resident & Nonresident Earning < $1M	No/Yes	Yes	No	12/31/2023
PA	25% Spend & Labor +5% Stage	Tax Credit	No/Yes/3yr	60% of Budget Incurred in PA	Each Resident & Nonresident Subject to PA W/H Tax	No/Yes	Yes	Yes	None

	Incentive Amount	Incentive Type	Refundable/ Transferable/ Carry Forward	Minimum Spend	Qualified Labor	Loan Out/ Withholding	Screen Credit Required	CPA Audit Required	Sunset Date
RI	30% Spend & Labor	Tax Credit	No/Yes/3yr	$100k	Each Resident & Nonresident	No/Yes	Yes	Yes	6/30/2027
SC	25% Out-of-State Supplier 30% In-State Supplier 25% Resident Labor 20% NR Labor	Rebate	Yes/Yes /NA	$1M	1st $1M of Each Resident & Nonresident	No/Yes	Yes	No	None
TN	25% Spend & Labor + 5% Logo	Grant	Yes/No/NA	$200k	1st $250k of Each Resident & 1st $2M of ALL Nonresident Labor	No/Yes	Yes	Yes	None
UT	20% Spend & Labor +5% Meet Criteria 20% Spend & Labor	Tax Credit Rebate	Yes/No/No Yes/No/NA	≥ $500k ≥ $1M ≥ $500k < $1M	1st $500k of Each Resident, Nonresident's UT Withholding Tax	No/Yes	Yes	Yes	None
VA	15% or 20% + 10% or 20%, Discretionary	Tax Credit, Grant	Yes/No/No, Yes/No/NA	$250k, $0	1st $1M of Each Resident & Nonresident, Discretionary	No/No	Yes	Yes	12/31/2021 None
WA	Up to 15%, 30% or 35% Up to 15% BTL NR Labor	Rebate	Yes/No/NA	$500k Film $300k Per TV EPS $150k Comm.	Each Resident & BTL Nonresident	No/No	Yes	No	6/30/2027